

MINUTES OF MEETING
OF THE
BOARD OF DIRECTORS

NOVEMBER 27, 2018

THE STATE OF TEXAS §

COUNTY OF FORT BEND §

FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 131 §

The Board of Directors (the “Board”) of Fort Bend County Municipal Utility District No. 131 (the “District”) noticed a regular meeting, open to the public, to be held on Tuesday, November 27, 2018, at 12:00 p.m., at 1980 Post Oak Boulevard, Suite 1380, Houston, Texas 77056, a designated meeting place outside the boundaries of the District. Whereupon the meeting was called to order at 12:05 p.m., and the roll was called of the members of the Board, to-wit:

Jennifer Jacobs	-	President
Leslie N. Smith	-	Vice President
Gregory Eknoyan	-	Secretary/Treasurer
Risha Miller	-	Assistant Secretary/Treasurer
Curtis R. Campbell	-	Assistant Secretary/Treasurer

All members of the Board were present, thus constituting a quorum. Copies of the meeting notices are attached hereto.

Also present at the meeting were Tina Kelsey of Myrtle Cruz, Inc. (“MCI”), Bookkeeper for the District; Michael Rusk of LJA Engineering (“LJA”), Engineers for the District; Brian Toldan of McCall Gibson Swedlund Barfoot PLLC (“McCall”), Auditors for the District; Anna Duarte of Tax Tech, Inc. (“TTI”), Tax Assessor/Collector for the District; Kyle Melgren of SiEnvironmental (“SiEnv”), Operator for the District; Adam Cohen of R.W. Baird & Co. (“Baird”), Financial Advisors for the District; Mike Bohm of DR Horton (“DRH”), a Developer of property within the District; Marcus Soper, II of Forestar (USA), a Developer of property within the District; Dave Ciarella of Enhanced Energy Services; Whitney Milberger of Brown & Gay Engineering, as representative for North Fort Bend Water Authority

("NFBWA"); and Julianne B. Kugle, Laura C. Davis, and Deidra Daniels (paralegal) of Sanford Kuhl Hagan Kugle Parker Kahn LLP ("SK Law"), Attorneys for the District.

HEAR FROM PUBLIC

The Board noted that no public wish to address the Board.

NORTH FORT BEND WATER AUTHORITY

The Board recognized Ms. Milberger, who introduced herself and provided a brief history and explanation of a subsidence district and the NFBWA. Ms. Milberger also reviewed several NFBWA initiative programs in which the District could participate. Ms. Milberger explained that the initiative programs are point based, and that, if the District earned 9 points during a calendar year, it would receive a reduction of \$0.10 per 1,000 gallons of water pumped during the next calendar year. Ms. Milberger also noted that NFBWA offers rebate programs for performing certain upgrades.

It was the consensus of the Board to consider authorizing the District's participation in the NFBWA initiative programs at the next Board meeting.

MINUTES FOR THE MEETINGS OF SEPTEMBER 18, 2018

The proposed minutes of the meetings of the Board held September 18, 2018, previously distributed to the Board, were presented for consideration and approval.

Upon motion by Director Miller, seconded by Director Jacobs, and after full discussion, the Board voted unanimously to approve the minutes for the meeting held on September 18, 2018, as presented.

FINANCIAL ADVISOR'S REPORT

The Board recognized Mr. Cohen, who advised the Board that the District has obtained approval from the TCEQ for the District's second bond issue in the amount of \$5,930,000. Mr. Cohen discussed the timing for the issuance of the District's Unlimited Tax Bonds, Series 2019 (the "Bonds"), noting that the District will receive bids and approve the sale of the Bonds on January 22, 2019, with the Bonds scheduled to close on February 26, 2019.

Order Adopting Official Notice of Sale and Bid Form, Authorizing Distribution Thereof and of Preliminary Official Statement and Authorizing Publication of Notice of Sale

Mr. Cohen next presented to and reviewed with the Board the Preliminary Official Statement and Notice of Sale prepared in connection with the proposed issuance of the Bonds.

Upon motion by Director Campbell, seconded by Director Eknoyan, and after full discussion, the Board unanimously approved the Preliminary Official Statement for the bond issuance, subject to final comments, and to adopt the Order Adopting Official Notice of Sale and Bid Form, Authorizing Distribution Thereof and of Preliminary Official Statement, and Authorizing Publication of Notice of Sale.

Engage Auditor to Prepare Development Reimbursement Audit

The Board recognized Ms. Davis, who noted that the District had previously engaged McCall to serve as the District's Auditors and advised that authorization was needed for McCall to perform the Developer Reimbursement Audit in connection with the issuance of the Bonds.

Upon motion by Director Campbell, seconded by Director Eknoyan, and after full discussion the Board unanimously authorized McGrath to prepare the developer reimbursement audit in connection with the 2019 Bonds.

AUDITOR'S REPORT

Annual Audit for Fiscal Year Ending July 31, 2018

The Board recognized Mr. Toldan, who presented to and reviewed with the Board a draft of the audit of the District's financial records for the fiscal year ending July 31, 2018.

Upon motion by Director Campbell, seconded by Director Eknoyan, and after full discussion, the Board voted unanimously to approve the audit of the District's financial records

for the fiscal year ending July 31, 2018, subject to final review by the District's Directors and Consultants.

BOOKKEEPER'S REPORT

The Board recognized Ms. Kelsey, who submitted to and reviewed with the Board the Bookkeeper's Report, and certain invoices for payment by the District. Discussion followed regarding cost associated with the District's website.

Upon motion by Director Jacobs, seconded by Director Smith-Boards, and after full discussion, the Board voted unanimously to (1) approve the Bookkeeper's Report; and (2) authorize payment of the checks presented, except for the check to Triton, which the Board instructed to Bookkeeper to hold until further notice.

TAX ASSESSOR COLLECTOR'S REPORT

The Board recognized Ms. Duarte, who reviewed with the Board the Tax Assessor/Collector's Report, including checks submitted for signature, a copy of which is attached hereto.

Upon motion by Director Smith-Boards, seconded by Director Eknoyan, and after full discussion, the Board voted unanimously to (1) approve the Tax Assessor/Collector's Report; and (2) authorize payment of the tax checks listed therein.

DELINQUENT TAX REPORT

The Board recognized Ms. Davis, who reviewed with the Board the Delinquent Tax Report, noting that only one property was delinquent in the payment of taxes. Ms. Davis explained that Fort Bend County had filed a tax suit against the property owner and that an intervention had been filed in that lawsuit on behalf of the District in order to protect the District's interest if the property was sold at a tax sale or foreclosed. Ms. Davis also explained that the District had the option to terminate water service to the property due to unpaid taxes.

After discussion, it was the consensus of the Board not to terminate water service, and to have the District's attorney send another letter to the property owner offering a payment plan for the delinquent taxes.

ENGINEER'S REPORT

The Board recognized Mr. Rusk, who reviewed with the Board the Engineer's Report and requested that the Board (1) approve the plans and specifications for water, sewer, and drainage facilities to serve Southern Colony, Section 4C; (2) approve plans and specifications for Southern Colony Wastewater Treatment Plant Expansion Phase II; (3) approve Pay Estimate No. 5 in the amount of \$125,529.22, payable to Dimas Bros. Construction for Southern Colony Section 4A; and (4) approve Pay Estimate Nos. 2, 3, and 4, in the amounts of \$83,115.00, \$46,147.50, and \$93,824.10, respectively, payable to N&S Construction for the WWTP Expansion Phase II. Mr. Rusk also briefly discussed a proposed Phase III expansion of the WWTP, which would increase the WWTP capacity to match the capacity in the District's Water Plant, noting that the District may then either sell such additional capacity to DRH for its development outside the District be served on an out-of-District basis or may annex the DRH development into the District, providing additional revenue to the District.

Upon motion by Director Eknoyan, seconded by Director Campbell, and after full discussion, the Board voted unanimously to: (1) approve the plans and specifications for water, sewer, and drainage facilities to serve Southern Colony Section 4C; (2) approve plans and specifications for Southern Colony Wastewater Treatment Plant Expansion Phase II; (3) approve Pay Estimate No. 5 in the amount of \$125,529.22, payable to Dimas Bros. Construction for Southern Colony Section 4A; (4) approve Pay Estimate Nos. 2, 3, and 4, in the amounts of \$83,115.00, \$46,147.50, and \$93,824.10, respectively, payable to N&S Construction for the WWTP Expansion Phase II; (5) schedule a special board meeting to be held at 11:30 a.m., Monday, December 10, 2018, to discuss the proposed Phase III expansion of the WWTP; (6) authorize the Engineer to prepare information for the Board to consider the Phase III expansion for discussion at the December 10 Board meeting; and (7) approve the Engineer's Report.

OPERATOR'S REPORT

The Board recognized Mr. Melgren, who presented the Operator's Report, and reviewed the expenses and explained various charges. Mr. Melgren also discussed water quality issues in the District and provided a schematic showing the 15 properties for which water quality calls were received in 2018,

noting that there is not pattern to the location of water quality issues. Mr. Melgren advised that a valve survey had been completed and that there were several valves in the District which needed to be repaired. Mr. Melgren recommended that the valve repairs be completed, and, thereafter, a power flush be performed to clear all lines in the District, at a cost of approximately \$15,000. Mr. Melgren also presented “Don’t Flush Trouble” flyer which he recommended be included in the residents’ water bills.

Upon motion by Director Eknayan, seconded by Director Miller, and after full discussion, the Board voted unanimously to approve (1) valve repair and power flushing at a cost not to exceed \$15,000; (2) including the “Don’t Flush Trouble” flyer in the January 2019 water bills; and (2) the Operator’s Report.

ENHANCED ENERGY SERVICES

The Board recognized Mr. Ciarella, who presented a market updated and pricing summary for an extension of the District’s electrical contract pricing extending past the term of the District’s current electrical contract. A copy of the report is attached hereto. The Board noted that the current contract expires in March 2020.

Upon motion by Director Miller, seconded by Director Smith-Boards, and after full discussion, the Board voted unanimously (1) to accept a contract with Direct Energy (“Direct”) for a term of 38 months to begin upon the expiration of the District’s current electrical contract term; and (2) authorized Director Eknayan to work with Mr. Ciarella and sign the contract on behalf of the District, after review and approval by the District’s attorney.

DISTRICT RATE ORDER

The Board recognized Ms. Davis, who reviewed with the Board comments and questions about certain provisions in the District’s Rate Order. Ms. Davis also advised the Board that, beginning May 1, 2018, the price charged to residents for trash and recycling should have decreased from \$20.83 per month per resident to \$17.66 per month per resident. However, due to an oversight, the revised trash and recycling rate was not provided to the Operator. The Board then discussed various options for providing a credit to residents for the overcharge for trash and recycling.

Upon a motion by Director Miller, seconded by Director Smith-Boards, and after full discussion, the Board voted unanimously to authorize a \$15 one-time bill credit to be applied to all residents' water bills on the next available bill.

DEVELOPER'S REPORT

The Board recognized Mr. Soper who provided an update of development in Southern Colony Sections 4A, 4B, and 4C, noting that a model park was planned for the 3 acres located at the entrance of Southern Colony. Director Miller inquired if the trees currently located on the 3 acre tract could be transplanted in furtherance of the District's park plan.

The Board then recognized Mr. Davis, who reviewed with the Board the Escrow Agreements between the District and Forestar and the District and DRH relating to funds to be advanced by the Developers for the Phase II expansion of the WWTP. Ms. Davis also reviewed with the Board the Agreement between the District and Forestar relating to Forestar's anticipated donation of funds for the District's park plan.

Upon motion by Director Miller, seconded by Director Eknayan, and after full discussion, the Board voted unanimously to approve (1) the Escrow Agreement with Forestar; (2) the Escrow Agreement with DRH; and (3) the Donation Agreement with Forestar.

The Board noted that no action was necessary in connection with the Developer's Report.

ATTORNEY'S REPORT

Texas SmartBuy Program

Ms. Davis next stated that the Board needed to ratify approval of the District's membership in the Texas SmartBuy Program presented at the last Board meeting.

Upon motion by Director Eknayan, seconded by Director Miller, and after full discussion, the Board ratified approval of the District's membership in the Texas SmartBuy program, at an annual cost of \$100.

Resolution Regarding Eminent Domain Authority

The Board recognized Ms. Davis who reviewed with the Board legislation enacted by the Texas Legislature which requires governmental entities with eminent domain authority to report annually to the Texas State Comptroller certain District information relating to its eminent domain authority, noting that this year's report is required to be filed on or before February 1, 2019. Ms. Davis also reviewed with the Board a Resolution Evidencing Annual Review and Authorizing Filing with Comptroller of Public Accounts of State of Texas Documentation of Eminent Domain Authority and recommended approval of said Resolution.

Upon motion by Director Eknoyan, seconded by Director Miller, and after full discussion, the Board voted unanimously to adopt the Resolution Evidencing Annual Review and Authorizing Filing with Comptroller of Public Accounts of State of Texas Documentation of Eminent Domain Authority. A copy of said Resolution is on file in the official records of the District.

There being no further business to come before the Board, the meeting was adjourned.

PASSED, APPROVED, AND ADOPTED, this 22nd day of January, 2019.





Secretary, Board of Directors

AGENDA
FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 131

Notice is hereby given that, pursuant to V.T.C.A. Government Code, Chapter 551, the Board of Directors of **Fort Bend County Municipal Utility District No. 131** will meet in **regular session**, open to the public, at **12:00 p.m.**, on **Tuesday, November 27, 2018**, at **1980 Post Oak Boulevard, Suite 1380, Houston, Texas 77056**, at which meeting the following items will be considered and acted on:

1. Hear from Public;
2. Hear from North Fort Bend Water Authority representative;
3. Consider approving minutes for meeting of September 18, 2018;
4. Hear Financial Advisor's Report and take any action thereon, including:
 - (a) discuss issuance of District's Unlimited Tax Bonds, Series 2019; and
 - (b) consider adopting Order Approving Preliminary Official Statement and Authorizing Publication of Notice of Sale for Series 2019 Bonds;
5. Hear Auditor's Report and take any action thereon, including consider approving Annual Audit for fiscal year ending July 31, 2018;
6. Hear Bookkeeper's Report, and take any action thereon, including:
 - (a) consider approving payment of the bills; and
 - (b) consider approving Investment Report;
7. Hear Tax Assessor/Collector's Report and take any action thereon, including:
 - (a) consider approving payment of tax bills; and
 - (b) consider authorizing termination of service to delinquent accounts;
8. Hear Delinquent Tax Report and take any action thereon;
9. Hear Engineer's Report and take any action thereon, including:
 - (a) consider authorizing Engineer to proceed with the design of District facilities;
 - (b) consider approving plans and specifications of District facilities;
 - (c) consider authorizing Engineer to advertise for bids for District projects;
 - (d) approval of report, pay estimates and change orders for construction projects in progress in the District; and
 - (e) consider authorizing construction contracts and related items;
10. Hear Operator's Report and take any action thereon, including:
 - (a) discuss operations of water plant facilities and wastewater facilities;
 - (b) discuss Operator's expenses;
 - (c) consider authorizing improvements, repairs, and modifications to District's water supply and wastewater facilities;
 - (d) consider authorizing termination of water service to delinquent accounts; and
 - (e) discuss and take action on water quality and water discoloration issues;
11. Hear Enhanced Energy Services' Report and take any action thereon regarding market update renewal options for electricity contract;
12. Consider amendment of District's Rate Order;
13. Hear report from Developers, including status of development in District, and take any action thereon, including:
 - (a) consider approving Escrow Agreement between District and Forestar for expansion of Wastewater Treatment Plant;
 - (b) consider approving Escrow Agreement between District and DR Horton for expansion of Wastewater Treatment Plant; and
 - (c) consider approving Donation Agreement between District and Forestar for District's Park and Recreational facilities;
14. Hear report from Attorney and take any action thereon, including:
 - (a) consider approving Resolution Authorizing Texas SmartBuy Membership;
 - (b) consider approving Resolution Evidencing Annual Review of Eminent Domain Authority;
 - (c) discuss and take action on changes to District's website; and
 - (d) discuss public safety within District, and take any action thereon.

Pursuant to V.T.C.A. Government Code §551, the Board of Directors may convene in closed session in relation to any agenda item included in this Notice, with such closed session to be held at the date, hour, and place given in this Notice, concerning any and all subjects for any and all purposes permitted by V.T.C.A Government Code Chapter 551, including, but not limited to, private consultation with the District's Attorneys on any or all matters or subjects authorized by law, pending or contemplated litigation, personnel matters, real estate transactions, security devices, economic development negotiations, and/or gifts and donations.

EXECUTED this 20th day of November, 2018.

FORT BEND COUNTY MUNICIPAL
UTILITY DISTRICT NO. 131



By: _____

Laura C. Davis
Sanford Kuhl Hagan Kugle Parker Kahn LLP
Attorneys for the District